National Energy Board | Office national de l'énergie

# National Energy Board

## Report on Plans and Priorities

### 2008 – 2009
### Part III Estimates

Gaétan Caron
Chair and CEO
National Energy Board

The Honourable Gary Lunn
Minister
Natural Resources

Canada

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# Section I
# Overview

## Message from the Chair

Canada has the gift of abundant natural resources and Canadians have the opportunity to make important choices that will shape our energy future. The National Energy Board's (NEB or Board) *Report on Plans and Priorities* for 2008-2009 shows that the NEB is strongly positioned to leverage opportunities for the benefit of Canadians.

Canadians depend on a safe, reliable and efficient energy supply. The NEB, through its regulatory oversight, plays a critical role in ensuring that this is accomplished by infrastructure which operates safely and with minimal environmental impact. In the current environment of increasing global energy demand for safe and secure supplies of energy and continuing high energy prices, the NEB's role as Canada's national energy regulator, within the mandate set by Parliament, is more significant than ever.

The NEB's first priority is to deliver solidly on our mandate by conducting efficient and effective project reviews and implementing regulatory oversight that meets our high standards. The NEB verifies that companies are effectively managing the safety, security, environmental, economic, socio-economic and lands risks throughout the lifecycle of regulated facilities. Our staff provides regulatory and technical expertise to ensure that Board Members have the information they need to review major project applications and make decisions in the public interest. The NEB also provides industry, policy makers and the public with objective, independent and timely information on Canada's energy markets to assist in decision making for energy infrastructure and markets.

Our other priorities are to continue to process applications on a timely basis, work with our partners to improve interagency cooperation, and to ensure that pipelines continue to be operated safely. Our overall strategy is to implement continual improvements to our processes. These improvements happen every day through the people who work at the NEB and their commitment to excellence and to serving the Canadian public interest.

As the Board continues to work hard to balance and integrate public safety, environmental interests and economic efficiency in arriving at decisions that are in the Canadian public interest, I am confident that Canadians will continue to benefit from the tremendous endowment of energy resources they possess.

Gaétan Caron
Chair and CEO

## Management Representation Statement

I submit for tabling in Parliament, the 2008 – 2009 Report on Plans and Priorities (RPP) for the National Energy Board.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2008 – 2009 Estimates: Report on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the NEB's approved Strategic Outcome and Program Activity Architecture that were approved by Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat.

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Gaétan Caron
Chair and CEO

## NEB Mandate

The NEB's corporate purpose is to promote safety and security, environmental protection and efficient energy infrastructure and markets in the Canadian public interest[1] within the mandate set by Parliament in the regulation of pipelines, energy development and trade.

## Summary Information

The NEB is an independent federal agency that regulates several aspects of Canada's energy industry. Its purpose is to promote safety and security, environmental protection and economic efficiency in the Canadian public interest within the mandate set by Parliament in the regulation of pipelines, energy development and trade. The NEB regulates the construction and operation of pipelines that cross international or provincial borders, tolls and tariffs on these pipelines, international power lines and designated interprovincial power lines. The NEB also regulates natural gas imports and exports, oil and natural gas liquid exports, electricity exports, and some oil and gas exploration on frontier lands, particularly in Canada's North and certain offshore areas. Finally, the NEB provides Canadians with information about Canadian energy markets.

The main functions of the NEB are established in the *National Energy Board Act* (NEB Act). The Board has additional regulatory responsibilities under the *Canada Oil and Gas Operations Act* (COGO Act) and under certain provisions of the *Canada Petroleum Resources Act* (CPR Act) for oil and gas exploration and activities on frontier lands not otherwise regulated under joint federal/provincial accords. In addition, Board inspectors are appointed Health and Safety officers by the Minister of Labour to administer Part II of the *Canada Labour Code* as it applies to facilities regulated by the Board.

The NEB, established in 1959, is an independent regulatory tribunal guided by the principles of natural justice and procedural fairness. The NEB reports to Parliament through the Minister of Natural Resources. The Board is a court of record and has certain powers of a superior court of record including those for attendance, swearing and examination of witnesses, the production and inspection of documents, the enforcement of its orders and the inspection of property. The Board's regulatory decisions and the reasons for them are issued as public documents.

The NEB's regulatory responsibilities for public safety, security and protection of the environment are set out in the NEB Act and the COGO Act. The NEB is also required to meet the requirements of the *Canadian Environmental Assessment Act* (CEA Act) and the *Mackenzie Valley Resource Management Act*. The Board's environmental responsibilities span three distinct phases: evaluating potential environmental effects of proposed projects; monitoring and enforcement of terms and conditions during and after construction; and monitoring and regulation of ongoing operations, including

1 The public interest is inclusive of all Canadians and refers to a balance of economic, environmental, and social interests that changes as society's values and preferences evolve over time. As a regulator, the Board must estimate the overall public good a project may create and its potential negative aspects, weigh its various impacts, and make a decision.

deactivation and abandonment. Through the *Public Safety Act, 2002* (Bill C-7) the NEB has legislative authority for the security of pipelines and international power lines.

The Board's mandate includes the provision of expert technical advice to the Canada-Newfoundland Offshore Petroleum Board, the Canada-Nova Scotia Offshore Petroleum Board, Natural Resources Canada (NRCan), and Indian and Northern Affairs Canada (INAC). Since devolution, the Board has a service agreement with the Yukon to provide technical advice. The Board may, on its own initiative, hold inquiries and conduct studies on specific energy matters as well as prepare reports for Parliament, the federal government and the general public. The NEB Act requires that the Board keep under review matters relating to all aspects of energy supply, production, development and trade that fall within the jurisdiction of the federal government. In addition, the Board provides advice and carries out studies and reports at the request of the Minister of Natural Resources.

**NEB Vision**

The NEB is an active, effective and knowledgeable partner in the responsible development of Canada's energy sector for the benefit of Canadians.

**NEB Values**

At the NEB we strive for excellence in all that we do. Excellence at the NEB is driven by organizational and personal commitment to three corporate values:

Integrity: We are fair, transparent, and respectful

Regulatory Leadership: We are responsive, proactive and innovative

Accountability: We support and hold each other accountable to deliver timely, high quality results in the Canadian public interest

The NEB's vision describes the Board's direction in applying its mandate in the current environment. The words **responsible development** reflect the NEB's belief that the development of infrastructure that is built in a safe, environmentally acceptable and economically efficient manner serves the needs of Canadians. A key role of the regulator is that it must have regard to the potential social and environmental impacts not fully dealt with by markets. The NEB sees itself as a partner with all stakeholders and works with them to ensure that concerns are identified and understood and that the correct balance is achieved among economic, social and environmental factors. To support this approach, the NEB is committed to being **active, effective and knowledgeable**. This means anticipating and preparing for issues that come before the Board, being results oriented, and having the capacity to deal with the highly complex multi-disciplinary matters surrounding energy regulation.

### NEB Planning Process

In order to remain relevant with clear focus on emerging priorities, the Board engages in an annual strategic planning process, resulting in an updated strategic plan. The formal process begins with an analysis of external influences, including societal and economic trends. Then long-range strategic goals are reviewed and clarified, followed by business planning to meet strategic

objectives. The business plans are reported on regularly throughout the year and updated as required.

### NEB's Quality Policy

> The NEB strives to meet its goals through excellence in execution and continual improvement, facilitated by a Board-wide Quality Management System.

The NEB's Quality Policy is followed by the entire organization through its Quality Management System.

### Summary Information 2008 – 2009[2]

| Financial Resources (million $) | | |
|---|---|---|
| **2008-2009** | **2009-2010** | **2010-2011** |
| 47.3 | 44.3 | 36.6 |

| Human Resources (Full-time equivalents) | | |
|---|---|---|
| **2008-2009** | **2009-2010** | **2010-2011** |
| 354.6 | 336.6 | 296.6 |

The NEB's priorities for 2008 – 2009 are implemented through the NEB's planned work to meet its five goals. The NEB goals are explained in detail in Section II.

The NEB is a cost-recovered, independent regulatory agency. The NEB Act authorizes the Board to charge those companies it regulates costs attributable to the NEB's operations in carrying out its related responsibilities. This process is managed through the Cost Recovery Regulations under the NEB Act. The NEB's financial statements, anticipated expenditures and performance results are presented to the Cost Recovery Liaison Committee, made up of industry's major associations and companies, at regularly scheduled meetings.

### Departmental Priorities

| Name | Type |
|---|---|
| 1. Partnerships for regulatory efficiency and effectiveness | Ongoing |
| 2. Effective engagement for Canadians affected by projects | Ongoing |
| 3. Continuous improvement of regulatory processes | Ongoing |
| 4. Leveraging our strengths to deliver on our mandate | Ongoing |

### Organizational Information

The Board is structured into five business units, reflecting major areas of responsibility: Applications; Commodities; Operations; Planning, Policy and Coordination; and Integrated Solutions. In addition, the Executive Office includes the specialized services of Legal Services[3] and Office of the Secretary's regulatory services. The reporting structure is outlined in Figure 1.

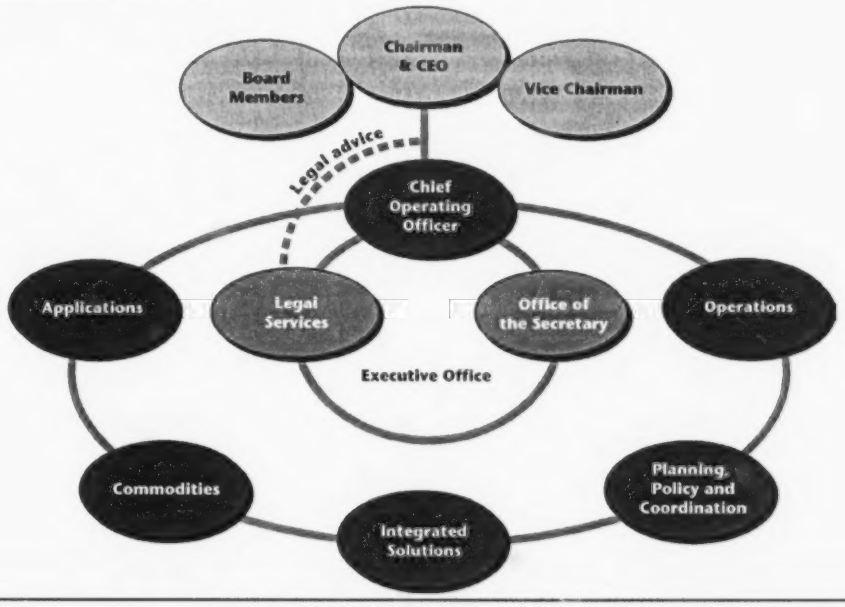
2 In 2007, the NEB submitted a request to Treasury Board for funding to address increased industry activity over the period 2007 – 2010, and this request was fully funded. Due to a sustained and continued increase in resource requirements to meet workload demand linked to industry activity, it is possible that the NEB will require some of this level of funding to be maintained after 2010, and will be presenting a business case to Treasury Board to this effect in 2008.

3. Legal Services is accountable to the Chair and Board Members for the provision of legal advice. It is accountable to the Chief Operating Officer for its operations and administrative matters.

**Program Activities by Strategic Outcome**

| | Planned Spending | | | Priorities 2008-2009 |
|---|---|---|---|---|
| | 2008-2009 | 2009-2010 | 2010-2011 | |
| | 47.3 | 44.3 | 36.6 | |
| Strategic Outcome: | Safety, security, environmental protection and economic benefits through regulation of pipelines, power lines, trade and energy development within NEB jurisdiction. | | | 1. Partnerships for regulatory efficiency and effectiveness |
| Program Activity: | Energy Regulation and Advice | | | 2. Effective engagement for stakeholders affected by projects |
| Expected Results: | The expected results of the Energy Regulation and Advice activity are expressed in the NEB's Strategic Plan Goals, as follows: | | | 3. Continuous improvement of regulatory processes |
| | **Goal 1.** NEB-regulated facilities and activities are safe and secure, and are perceived to be so | | | 4. Leveraging our strengths to deliver on our mandate |
| | **Goal 2.** NEB-regulated facilities are built and operated in a manner that protects the environment and respects the rights of those affected | | | |
| | **Goal 3.** Canadians benefit from efficient energy infrastructure and markets | | | |
| | **Goal 4.** The NEB fufillls its mandate with the benefit of effective public engagement | | | |
| | **Goal 5.** The NEB delivers quality outcomes through innovative leadership and effective support processes | | | |
| Alignment with Government of canada Outcome: Strong economic growth | | | | |

**Figure 1**
**NEB Organizational Structure**



## Departmental Plans and Priorities

### *Operating Environment*

In establishing the priorities for 2008-2009, the NEB considered evolving trends, risks and challenges that might influence how it carries out its responsibilities and delivers results to Canadians. A number of important elements are discussed below.

#### Economic context

Canadians depend on a safe, reliable and efficient energy supply. The 45,000 kilometres of interprovincial and international pipelines regulated by the NEB are a crucial element in Canada's transportation and distribution system. These systems include large-diameter, cross-country, natural gas, oil and oil products pipelines, small-diameter pipelines, and commodity pipelines. In 2007, approximately $100 billion worth of products flowed through Canadian pipelines to markets at home and in the U.S. (7 percent of GDP). The cost in 2007 of providing these transportation services is estimated to be around $5 billion through tolls regulated by the NEB, not including fuel costs paid by shippers on natural gas pipelines. This was accomplished by infrastructure that is mostly invisible to consumers and that operates with a low rate of failure and minimal environmental impact.

The international power lines under NEB jurisdiction comprise 1,100 kilometres, representing approximately 0.7 percent of all electric transmission lines in Canada. They account for virtually all the trade in electricity between Canada and the U.S. and provide important reliability benefits on both sides of the border. The value of electricity exports is about $3.2 billion in 2007 and imports amount to approximately $1 billion.

Alberta's economic growth continues to far outpace the national average based on the forecast investments and production increases in the energy sector. The economic growth, while moderating somewhat in 2007, is still forecast to outperform the rest of Canada and continues to contribute to the labour market and cost of living pressures in Alberta. The Conference Board of Canada indicates that labour shortages are forecast to 2025, and the unemployment rate will be well below the national average (3.5% versus 6.5%), if current trends continue. The labour market will remain tight as companies continue to pursue aggressive recruitment and retention strategies and hire additional staff to meet the growth in production.

#### Energy market context

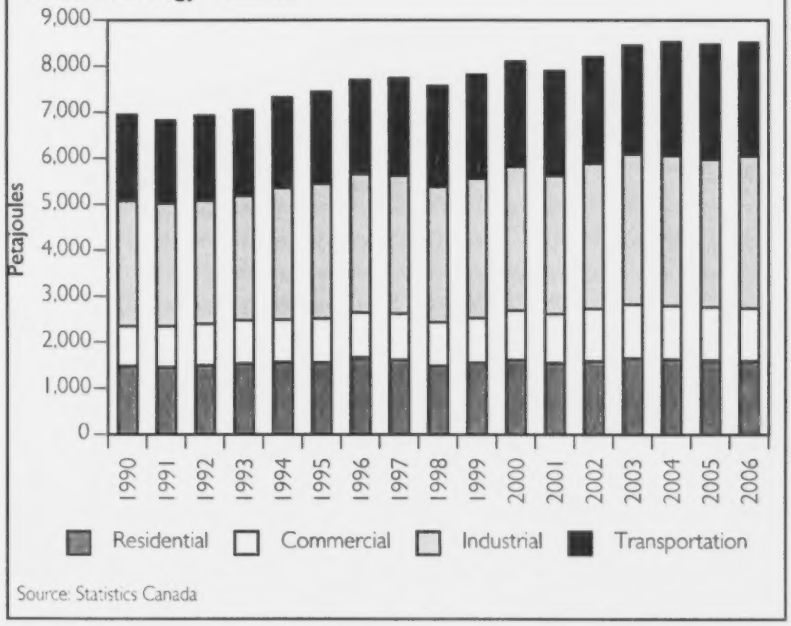
World oil prices continued to be high and volatile in 2007. In January, the average price of crude oil was just over $US54, its lowest level of the year. Through the course of the year, prices responded to geopolitical events, significant demand growth led by China and India, refinery outages, tight crude oil inventory levels, as well as greater participation in the oil markets by non-commercial interests. The price of benchmark West Texas Intermediate crude oil reached a record high of $US98.18 on 23 November, and averaged around $US75 for the year. Prices are expected to remain strong and volatile in 2008, with continued growth in emerging economies coupled with ongoing geopolitical risks. A recession in the U.S., however, remains a key risk to crude oil price strength. Looking ahead, crude oil prices are likely to average between $US70-$80 during the next few years.

The Canadian/U.S.dollar exchange rate also appreciated rapidly, moving from $0.85 in January to $1.09 in November, settling near parity by year-end. Since oil and natural gas export prices are denominated in U.S. dollars, this had the effect of lowering revenues received by Canadian producers by nearly 20 percent, thereby somewhat offsetting the increase in prices.

Natural gas prices were not as volatile in 2007, compared with recent years. Following the peaks reached in late 2005 ($US15/MMBtu, NYMEX Henry Hub) in the aftermath of supply disruptions caused by hurricanes in the Gulf of Mexico, prices fell to around $US 4/MMBtu by fall 2006 and stayed in the $US6.00-7.50 dollar range throughout 2007. High storage levels, increased U.S. production, and increased liquified natural gas (LNG) imports into the U.S. combined to offset slightly lower Canadian production levels in the North American market. As well, the absence of any significant weather disruptions to production in the Gulf of Mexico, compared to previous years, further dampened any supply concerns for North America. Over the winter, prices are expected to average in the $US 6.00-8.00/MMBtu range for the 2008 heating season; however, prolonged cold temperatures in the early part of winter could result in price spikes.

Canadian energy consumption has been steadily increasing since 1998, with variations depending on weather and strong prices in 2001. Economic growth and the population continue to increase, driving demand on an upward trend. This helped push the estimated 2006 energy demand above the 2005 level, despite an increase in the energy CPI of 5.1 percent. The energy CPI increased by 9.7 percent from 2004 to 2005; these higher prices moderated demand so that 2005 energy demand was less than 2004. For 2006, the transportation sector has estimated slightly lower demand in 2006 than 2005 with the continued strong oil prices throughout 2006. Note that the oil and gas consumption data used are from actuals, and the other energy sources, including electricity, are estimated. Figure 2 illustrates the composition of Canadian energy demand.

**Figure 2**
**Canadian Energy Demand**




Source: Statistics Canada

In 2007, oil and gas industry activity levels were negatively

affected by lower natural gas prices and the impact of a high Canadian dollar. Lower natural gas prices and higher oil prices in 2007 resulted in more oil wells being drilled and substantially fewer gas wells. The exploration and production sector in Canada drilled an estimated 17,600 wells, down 26 percent from the record 23,700 in 2006. Investment in Canadian oil and gas in 2007 is estimated to be $49 billion, similar to the amount in 2006, which was a record in Canada. Upstream drilling activity is expected to decline substantially over the planning period, with a greater emphasis on oil sands and conventional oil, and lesser emphasis on natural gas, than in the recent past. Total wells drilled in Canada in 2008 is forecast to be approximately 14,500.

With increasing production from the oil sands and the development off the coast of Newfoundland, Canada is steadily increasing its oil production. For example, total Canadian production is expected to increase by about 45,000 cubic metres per day between 2007 and 2009, to a level of 523,000 cubic metres per day. Most of this growth is attributable to oil sands production. As oil production has grown, pipeline capacity has become an issue. In 2007, many of the major oil pipeline systems had to occasionally apportion their capacity, thereby limiting flows below market demand.

Canada is the number one exporter of crude oil to the United States and it is expected that Canadian production and exports will continue to grow as production from the oil sands steadily increases over the coming decade. Considerable new investment in the pipeline transportation sector is required to transport increasing production to markets to benefit of consumers, producers and the economy as a whole. Pipeline capacity is expected to be tight over the next two years as pipeline proposals have been approved and are moving into the construction stage while others are still before the regulators.

Consequently, there are numerous proposals to expand or construct new oil pipeline capacity in Canada. Figure 3 illustrates the NEB's forecast of crude oil production and possible pipeline capacity available to transport crude oil and products from Western Canada on existing and proposed new facilities. It is estimated that the pipeline projects shown here total over $23 billion in spending, and there are a number being proposed which are not shown. Some have been approved; some are currently in proceedings before the Board; and there are some projects under consideration for which applications have not been submitted.

Canadian gas production is expected to decline over the next three years. It is being impacted by the decline in drilling activity as a result of the squeeze between lower prices and increased costs. The impact will affect both conventional and unconventional gas production. Over the longer term, industry is pursuing the development of frontier gas resources in the Mackenzie Delta. The Board has an application before it to build a major pipeline from the Delta along the Mackenzie Valley to Alberta from which gas can access both domestic and export markets. Industry is also looking into maintaining production from offshore Nova Scotia through the enhanced development of currently producing fields and the planned development of the Deep Panuke field. In anticipation of a need for additional energy supplies for the North American market, developers have proposed LNG import terminals at sites located in the Maritimes, Québec and British Columbia.

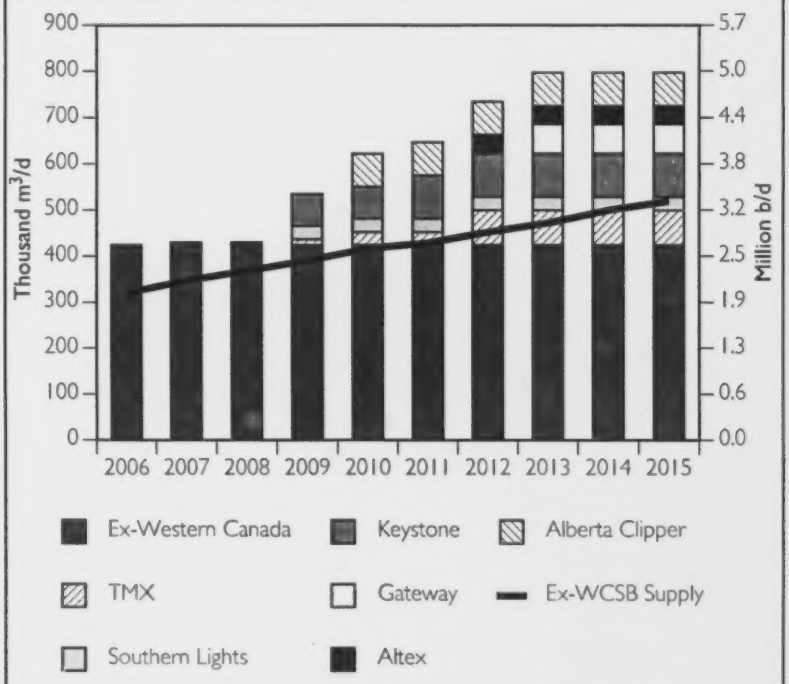
With new gas-fired generation likely to be needed to help displace the use of existing coal-fired electricity generation

in Ontario and increased gas use in oil sands application, significant incremental Canadian requirements for natural gas are expected. While natural gas capacity is generally adequate, new facilities are being proposed to connect new supply sources into the existing system and serve new markets.

Over half of Canadian natural gas production is exported to the U.S. Net export volumes for 2007 are expected to be slightly above 2006 at 90.1 billion cubic metres, despite the slowdown in Canadian gas production. Utilities and other gas buyers have been actively building up gas in storage in preparation for winter. The average price of Canadian gas exports is lower in 2007 than in 2006 because of lower overall natural gas prices in North America. The appreciation in the Canadian dollar will also have some impact on Canadian export revenues. However, the size of that impact is unclear, as Canadian gas exports may be priced in Canadian dollars or U.S. dollars, depending on the location of gas purchase and contracting terms. Overall, it is expected that while net export volumes will be higher than 2006, revenues could be very similar to last year, in the $27 to $30 billion range.

Changing dynamics in markets for Canadian gas include rising Canadian demand for gas-fired power generation, especially in Ontario, and for oil sands production in Alberta. Canadian export markets may also be impacted by new pipelines intended to move gas from the U.S. Rockies to eastern U.S. markets and by growing LNG import volumes into the U.S. As the shape of the industry changes, the Board will be faced with new and innovative proposals. Innovative approaches such as the provision of short notice pipeline services for power generators and the removal of pipeline capacity from gas service for conversion to oil service have come in front of the Board this year and equally complex issues may continue to come before the Board in the future.

**Figure 3**
**Proposed Oil Pipeline Projects and NEB Forecast of Crude Oil Production**




Source: Canadian Hydrocarbon Transportation System Report, National Energy Board, 2007

For the electric industry, provincial policy makers and regulators across Canada continue to assess the need and invest in new generation and transmission facilities. Investments are required to accommodate rising demand, replacement and refurbishment of existing facilities and potential connections of large remote hydro developments. Stakeholders look to both interprovincial and international interconnections to ensure near-term reliability and ensuring longer term adequacy of supply. While considerable uncertainty surrounds the timing and need for specific projects, it is expected that recent interest in improving cross-border interconnections with the U.S. to benefit parties on both sides of the border will continue in the coming years.

In summary, industry is responding to market needs by developing new large infrastructure projects, including oil pipelines, natural gas pipelines, LNG receiving terminals and power generation and transmission facilities. These projects could bring additional energy supplies to Canadians and contribute to future energy security. The NEB is responsible for reviewing many of these infrastructure projects and ensuring that, when they are found to be in the public interest, they proceed in ways that provide the greatest benefits to Canadians while minimizing any adverse impacts. In this context, there are a number of challenges with the current regulatory system discussed below that require solutions to ensure fair and effective regulatory processes.

### NEB Business Environment

***Drive for new energy sources and infrastructure***

The number of facility applications is increasing for many regulators and the magnitude and need for the supply is driving regulators to be as efficient, clear and predictable as possible. Projects using new technologies and in non-traditional regions are also raising new issues for regulators including addressing unique circumstances around LNG, pipelining in permafrost, change of pipeline use and alternative means to validate the integrity of pipelines.

***Impact on applications and hearings***

The Board undertakes significant pre-application work related to major facilities applications in order to ensure the responsible and efficient development of energy infrastructure. For major applications, the NEB holds written or oral public hearings where applicants and interested parties can participate. Oral hearings are held at locations where there is a particular interest in the application and which will be most affected by the decision. The number and cost of hearings have increased in recent years due to rising transportation and material costs, and also due to evolving trends of increasing interest from the public in regulatory processes.

### Regulatory coordination

Energy infrastructure projects can involve a wide variety of issues underlining the need for reviewing safety, environmental, Aboriginal and socio-economic considerations. Regulatory decision making for infrastructure projects can involve multiple regulators including the NEB, the Canadian Environmental Assessment (CEA) Agency, Fisheries and Oceans Canada, and Environment Canada, multiple jurisdictions (federal, provincial, municipal, Aboriginal) and overlap and duplication of processes. The degree of complexity is magnified in the North where a number of regulatory agencies have been established through devolution, land use settlements and resource management regimes.

This regulatory complexity can result in delays in bringing on new supplies with attendant costs to Canadians. On the other hand, Canadians who are affected by these projects require fair and accessible processes in order to participate effectively. Both project proponents and affected stakeholders are looking for more effective and efficient regulatory processes that will help enable the responsible development of desirable infrastructure on a timely basis.

Another challenge for the Board is in responding to the evolving law on Aboriginal consultation. The Board continues to monitor legal developments in this area and ensures that it has information regarding Aboriginal interests that may be affected by proposed proi[illegible]efore rendering decisions tha[illegible]fect those interests.

Recently, a number of federal initiatives have been introduced that will address some of the impacts related to regulatory fragmentation. The October 2007 *Speech from the Throne* conveyed government direction to improve economic, social and environmental outcomes through resource development opportunities and improved federal processes. The government has introduced a number of initiatives reflecting this direction, including a Major Projects Management Office (MPMO) and a Northern Strategy, with a Northern Regulatory Improvement Initiative.

The goal of the MPMO, operated through Natural Resources Canada, is to improve coordination within Canada's regulatory system by providing industry with a single, efficient point of entry into federal processes while ensuring that projects are built in a safe manner and the environment is protected. Applicants for federal energy projects will be required to file their applications with the MPMO, and it will have the responsibility for coordinating the federal regulatory process.

The Northern Regulatory Improvement Initiative, managed by INAC, is a strategy to improve the current regulatory regime in the North, in order to ensure that regulatory processes across the North are effective and predictable. It will enable the North to develop and benefit from its resources. This initiative is connected to NEB activities underway in the North, including:

- amendments to the COGO Act, to provide the NEB with the authority to regulate pipeline access, tolls and tariffs;
- amendments to the *Mackenzie Valley Resource Management Act*, to ensure a one window regulatory approach;
- the five year review of the *Yukon Environmental and Socio-economic Assessment Act*; and
- accelerated development of the *Nunavut Land Use Planning and Impact Act.*

The NEB is actively supporting these and other regulatory coordination initiatives through partnership opportunities with federal agencies. The common anticipated outcomes of streamlined regulatory processes and an effective regulatory regime address many of the issues that affect the NEB's working environment.

### Increasing public expectations

#### *Growing public involvement in energy infrastructure*

Stakeholders are becoming better informed, more knowledgeable and better connected to one another. The public and landowners are becoming more aware of, and more sensitive to, infrastructure projects. This reflects a number of forces including increased focus on personal and landowner

interests in part due to changing perceptions of individual rights and interests versus the public good, the increase in the number of facilities on private lands, and the movement of projects into areas which do not traditionally deal with energy infrastructure such as the North and communities with potential LNG terminal sites. This is seen, for example, in a growing number of landowner complaints, intervention in proceedings, and right-of-entry applications.

***Greater environmental awareness***

Over the past few years there has been a step change in terms of the stronger voice given to environmental concerns. This is most pronounced in the area of climate change impacts but there has also been greater attention focused on other concerns including those surrounding the oil sands, including air, water and land use, greenhouse gases and emissions. With a growing body of science concerning environmental effects, consumers are looking for alternatives to hydrocarbons. More interest in the environment translates into more interest in energy and is increasing debate about energy choices.

**Regulatory and technical expertise**

The NEB is expected to provide expert regulatory knowledge and oversight for a significant and rapidly developing energy sector. For context, approximately $100 billion of natural gas, natural gas liquids, crude oil, petroleum products and electricity were transported by NEB-regulated pipelines and power lines to Canadian energy users and markets outside of Canada in 2007. The companies that the NEB regulates operate more than 800 surface facilities and maintain approximately 45,000 kilometers of interprovincial and international pipelines and related infrastructure, as well as 1,100 km of international power lines. The industry the NEB regulates provides energy to Canadians across the country and delivers a range of energy products to the U.S. With the requirement for safety, environmental and economic assessments to develop and consider projects in the Canadian public interest, the need for a skilled, knowledgeable workforce is higher than ever.

As an employer, NEB operates in a challenging labour market, with the energy industry actively competing for the same technical skill sets that the NEB requires. The NEB's annual attrition rate rose from 7 percent in 2003 to 14.5 percent in fiscal 2005-2006, continued high at 10 percent in 2006-2007; and is at 15 percent at mid-year 2007-2008. Over half of these departures were fully trained, experienced employees drawn from the ranks of our professional engineers, inspectors and market analysts. The demand for these professionals is high and will remain so in the foreseeable future. This trend is further impacted by the Canadian demographics of baby boomers departing, the new generation being smaller in number and with different expectations than those they are replacing.

### *NEB Priorities in 2008 – 2009*

***Delivering on regulatory mandate***

The Board's key commitment is to meet its mandate through its project review and regulatory oversight processes. This includes handling applications efficiently and ensuring pipelines are safe. The NEB's focus over the next planning period continues to be to provide the required expert knowledge to review increasingly complex applications and to address an increased hearing load. At the same time, the Board will continue to solidly deliver on its regulatory oversight activities, including conducting audits, safety and security

inspections, emergency response activities. The Board also continues to provide energy supply and demand forecasting and assessment to Ministers, stakeholders and general public.

The NEB uses its strategies, as stated in its annually updated Stratigic Plan, as a guide to setting its priorities. For the next planning period, the NEB's strategies are:

- We seek partnerships for common objectives
- We engage Canadians
- We create and adopt best practices

In order to keep its regulatory framework relevant in light of evolving economic, technical, social and environmental developments, and to be able to provide regulatory leadership that is responsive, proactive and innovative, the NEB is addressing the following priorities over the next planning period.

## 1. Partnerships for regulatory efficiency and effectiveness

This priority reflects the NEB's strategy to seek partnerships for common objectives. The NEB works in partnership with numerous regulatory agencies as well as federal, provincial and territorial government departments in order to meet its mandate. The NEB maintains approximately twenty formal Memorandums of Understanding and agreements with agencies across Canada to enable regulatory oversight and sharing of regulatory expertise. The Board maintains many other working relationships to streamline delivery on common or overlapping mandates. The NEB is now addressing specifically how it interacts with other government department and agencies by proactively seeking partnering opportunities that lead to regulatory efficiency and effectiveness.

**Plan to Achieve Priority**

In order to successfully fufill its regulatory mandate, the Board will continue to work in partnership with a number of federal agencies, including CEAA, NRCan, INAC and other responsible authorities under the CEA Act. The NEB will work proactively with the Major Projects Management Office (MPMO) to support achievement of the common outcome of regulatory efficiency. The NEB's work with the MPMO and on project coordination and Aboriginal consultation are likely to require additional resources.

The Board will identify opportunities to work with these partners to have effective processes wherever possible. These include:

- providing technical and administrative support for the MPMO;
- focusing efforts to build partnerships with departments that work directly with the NEB, including the CEA Agency, NRCan, INAC;
- continuing to coordinate environmental assessment processes with the CEA Agency and to implement substitution as opportunities arise;
- partnering with provincial regulatory bodies to streamline regulatory processes and achieve common objectives;
- continuing to work with federal partners to modernize the regulatory framework for the North through amendments to the COGO Act and CPR Act;
- coordinating with the government's integrated northern strategy through any Board initiatives and activities that occur in that region;

- partnering with the Northwest Territories land and water boards to provide regulatory and technical leadership, share information and best practices, and streamline regulatory processes;
- providing technical advice and regulatory support for updating regulations and related tools for offshore areas, via Memorandum of Understanding with NRCan, INAC, the Canada-Newfoundland Offshore Petroleum Board, the Canada-Nova Scotia Offshore Petroleum Board, and the provinces of Newfoundland and Nova Scotia;
- participating in standards setting bodies to develop and updated related standards, such as through the Canadian Standards Association;
- sharing information and developing compatible regulatory approaches with national regulatory bodies from the U.S. and Mexico; and
- supporting regulatory organizations such as the Canadian Association of Members of Public Utility Tribunals to achieve common regulatory streamlining objectives.

## 2. Effective engagement for Canadians affected by projects

This priority reflects the NEB's strategy to engage Canadians. The increased activity in energy infrastructure development is accompanied by rising public expectations with respect to involvement in the development and related processes. Parties increasingly want to be involved in the Board's processes because of growing concerns with energy development. Conflicts in land use and access for energy infrastructure development are occurring more often, which affects infrastructure development and the efficiency of Board processes. For the NEB, it is a priority to address these expectations by identifying opportunities that will improve outcomes for all involved.

### Plan to Achieve Priority

***Increasing engagement options for stakeholders affected by projects***

The NEB is responding to increased landowner concerns about facility applications and increased public concerns related to environment and safety matters associated with facility applications by ensuring that stakeholders and the public affected by major projects are effectively engaged. Resources are being allocated to ensure that interested parties can participate in the project review process through enhanced pre-application and hearing processes. Features of increased engagement efforts include:

- information sessions and town hall meetings for the public in the area affected by proposed infrastructure development;
- developing a variety of methods for interacting with stakeholders, including workshops and non-hearing approaches;
- accommodation of Aboriginal participation via hearing location;
- gathering information on and respecting local community protocol;
- inclusion of cultural practices in related processes;
- correspondence and information bulletins for stakeholders; and
- proactive news releases, backgrounders, advisories for media.

As noted above, resources are being allocated to hold additional hearings in locations near the affected stakeholders.

This increases hearing costs but enables landowners and other interested parties unable to travel to the location of the Board in Calgary to participate in both pre-application and hearing processes.

***Increased focus on regulatory program related to lands***

With increasing landowner concerns about the impacts of energy infrastructure development and about their relationship with pipeline companies and the Board, the NEB is working to clarify regulatory expectations for land matters. First, the NEB will implement and initiative to review stakeholder concerns in a number of key areas related to land matters, called the Land Matters Consultation Initiative (LMCI). This includes receiving input on regulated companies' landowner consultation programs, project notification, processes for acquiring access to rights-of-way, vehicle crossings of rights-of-way, and the physical and financial aspects of abandonment. Next, the Board will implement changes recommended through LMCI in the regulatory framework where applicable. This includes clearly defining expectations of companies, verifying compliance, and measuring and reporting on NEB and industry performance.

At the same time, the NEB will work with landowners to clarify and communicate project review engagement processes. For example, the suite of communication tools used by the NEB to engage landowners will be expanded to include information on what landowners can expect from a company applying to develop a pipeline or facility on their land, and how they can be involved in regulatory processes related to infrastructure development. The initiative will use a variety of opportunities for proactive communication with landowners, including presentations at public venues and community events. The NEB will also focus on communicating with landowners about how the NEB verifies safety, security and the protection of the environment.

## 3. Continuous improvement of regulatory processes

This priority reflects the NEB's strategy to create and adopt best practices. The NEB is committed to providing efficient and effective regulatory processes delivered in a transparent, accountable and responsive manner. As a result, the Board's priority is to continually improve its regulatory processes, and its active Quality Management System is key to this. These improvements require an integrated approach that fully utilizes the NEB's regulatory tools.

**Plan to Achieve Priority**

***Risk-based lifecycle approach***

The NEB is working to fully implement a risk-based lifecycle approach as a component of its goal oriented approach to regulation. The NEB's goal oriented approach to regulation means that regulated companies are accountable to ensure that their performance meets the NEB's expectations, which are expressed through the NEB's Regulations, Guidance Notes and filing requirements. The risk-based lifecycle component to this approach incorporates the principles of management systems to each phase of a facility's lifecycle. This approach enables the NEB's regulatory oversight to be based on the company's past performance and is being implemented through tools such as management system reviews, inspections, investigations and audits. A risk-based lifecycle approach also enables the NEB to adjust its regulatory processes to fit the scope and risk of facility

applications filed before the Board. For example, companies with a good compliance record that are proposing to build low risk facilities will be able to expect a quicker approval process.

Elements requiring development over the next planning period include completing an information management system to integrate current compliance data with additional data to support the analytical processes required to conduct compliance benchmarking and trending; further improvement of existing compliance verification processes to enable the shift to risk-based compliance oversight; and enhanced integration of assessment findings and recommendations with operational compliance verification programs. In addition, the program areas of lands, socio-economics and tolling will be added to the NEB's current suite of risk-based regulatory oversight programs, which includes safety, security, integrity, environmental protection and emergency management.

***Regulatory program for protecting the environment***

Over the next planning period, the Board will focus on ensuring that its regulatory program for environmental protection is efficient, effective, and clearly communicated. The Board's oversight for ensuring that facilities are planned, built and operated in a manner that protects the environment applies to the full lifecycle of federally regulated energy infrastructure. To improve the efficiency and effectiveness of environmental assessment, the NEB will continue to focus on coordination with its environmental assessment partners, including federal, provincial and territorial authorities. To ensure that appropriate environmental outcomes are incorporated into project design and processes, the Board will continue to communicate expectations to industry about early engagement with stakeholders to ensure that their knowledge and expectations are incorporated. In conjunction with this, the NEB will proactively communicate with industry and stakeholders, so that the Board's expectations and performance can be seen at all phases of the energy infrastructure lifecycle.

## 4. Leveraging our strengths to deliver on our mandate

To meet the economic reality of a highly competitive employment market, the NEB is leveraging its strengths as an employer who provides interesting and challenging work of benefit to Canadians. Energy is an important sector of the economy that affects everyone in Canada and has international impacts as well. When making a decision on the responsible development of Canada's energy sector, the NEB balances the needs of many stakeholders while ensuring safety and security, environmental protection and economic efficiency. The employment opportunities created through this process are challenging and rewarding. The NEB is updating its strategy that leverages our strengths as an employer to ensure that we have the appropriate staff where needed in a timely way and that generational differences are recognized.

**Plan to Achieve Priority**

***Recruitment and retention***

The NEB has many features that it offers as an employer and it is building on these strengths to attract and retain staff. Highlights include:

- the NEB, as a knowledge-based organization, actively supports

professional development and career progression;
- providing a respectful workplace where creativity is encouraged;
- opportunities to move laterally through the organization to gain a wide variety of experience;
- an effective performance management framework;
- temporary exchanges with private industry and placements with other government agencies to broaden career experience;
- workplace flexible employment policies, including a work-life balance approach which honours the need for achieving balance between professional and personal life;
- recognition of the differing expectations of different generations; and
- the opportunity to work in a small well-networked organization with national and international impact.

The NEB is building on these strengths to implement a proactive recruitment and retention strategy. This includes defining our culture for recruitment purposes; an updated rewards and recognition program; flexible staffing mechanisms; flexible work arrangements including flex-time, teleworking banked time, part-time work, job sharing, educational leave, and leave with income averaging.

Through the recent review of human resource requirements based on business needs, the NEB requested and received additional resources through Treasury Board. These additional resources provide the basis to address the forecast project review workload while maintaining a strong regulatory oversight capacity. These resources also support succession planning and a more timely replacement rate as employees leave. To address the additional positions funded through the NEB's submission to Treasury Board in 2007, a dedicated team has been established to lead and facilitate the hiring process.

***Learning and development***

A learning and development framework continues to be implemented to facilitate employee engagement and retention by providing the tools necessary for employees to understand their roles within the organization and their individual responsibilities as well as those of the organization for career progression. This framework is designed to provide employees with the skills and competencies necessary to fufill their current and future roles. Through this initiative, activities and programs are being developed which enable the NEB to deliver on its core work by fully optimizing its talent pool, whether for leadership positions or in support of professions within and across job families.

# Section II
# Analysis Of Program Activities By Strategic Outcome

## Analysis by Program Activity

***Strategic Outcome***

Safety, security, environmental protection and economic benefits through regulation of pipelines, power lines, trade and energy development within NEB jurisdiction.

***Program Activity Name: Energy Regulation and Advice***

The NEB's main business is energy regulation and the provision of energy market information. The companies that are regulated by the Board create wealth for Canadians through the transport of oil, natural gas and natural gas liquids and other commodities, and through the export of hydrocarbons and electricity. As a regulatory agency, the Board's role is to help create a framework that allows these economic activities to occur when they are in the public interest.

The Energy Regulation and Advice activity is achieved through the following five goals:

**Goal 1.** NEB-regulated facilities and activities are safe and secure, and are perceived to be so.

**Goal 2.** NEB-regulated facilities are built and operated in a manner that protects the environment and respects the rights of those affected.

**Goal 3.** Canadians benefit from efficient energy infrastructure and markets.

**Goal 4.** The NEB fufills its mandate with the benefit of effective public engagement.

**Goal 5.** The NEB delivers quality outcomes through innovative leadership and effective support processes.

The NEB delivers its programs under these Goals, as outlined in the following sections. It has been determined that Goal 1, addressing safety and security, and Goal 2, addressing the environment are linked goals, each with its own focus but with common outcomes. For this reason the intent of each Goal is described first, followed by the objectives of the two goals, which are identical and stated once.

Goal 1 – NEB-regulated facilities are safe and secure, and are perceived to be so.

The NEB's regulatory oversight encompasses the full lifecycle of energy infrastructure projects within its jurisdiction as shown in the following figure, including the design, construction, operation and abandonment of oil and gas pipelines that cross provincial or international borders and power lines that cross international borders. The NEB's mandate also includes oversight for the security of pipelines and the reliability, safety and security of international power lines.

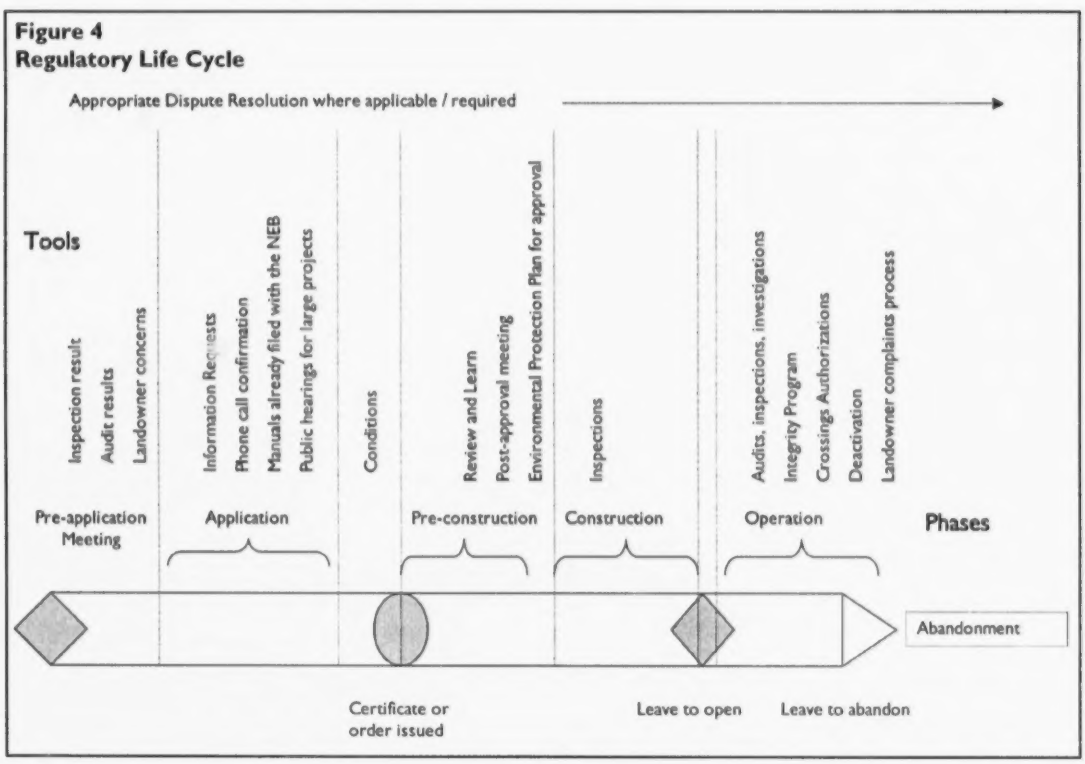
The NEB is responsible for confirming that regulated energy industry operates in a manner that protects the public and the environment along with the company's employees and contractors. Regulated companies have the primary responsibility for safety and environmental protection because they are the designers, builders and operators of their facilities, while the NEB is responsible for setting the regulatory framework that enables the achievement of its safety, security and environmental protection goals. Using a risk-based lifecycle approach and its suite of regulatory tools, NEB verifies that companies identify and effectively manage the safety, security, environmental, socio-economic and land risks posed by their facilities throughout their lifecycle.

Compliance is verified through a number of regulatory tools, including conditions on approval, project post-approval or pre-construction meetings, inspections, investigations, and audits of company management systems. The NEB applies its risk-based lifecycle approach to verification of companies' safety, integrity, emergency, security and environmental management systems. The Board is working toward augmenting its risk-based lifecycle approach to include compliance verification for socio-economic and lands matters, and tolls and tariffs.

### Goal Measures

- No fatalities and decreasing number of disabling injuries
- No pipeline failures

**Figure 4**
**Regulatory Life Cycle**



- The public perceives that pipelines are safe
- All companies regulated by the NEB have Safety and Integrity Programs in place[4]
- All planned compliance audits are completed

**Goal 2 – NEB-regulated facilities are built and operated in a manner that protects the environment and respects the rights of those affected.**

The NEB promotes environmental protection throughout the lifecycle of regulated facilities and activities, starting with environmental and socio-economic assessment of proposed projects at the application stage, inspection and monitoring of approved projects during construction and operation, auditing environmental protection programs, investigating spills and releases, and ensuring that the abandonment of projects is carried out properly to protect the environment.

The NEB operates in a complex regulatory framework for environmental assessments. This includes the challenge of navigating environmental assessments through overlapping jurisdictions, coordinating with other regulatory agencies and conducting environmental assessments and regulatory processes that are increasingly complex and technically demanding. To address this, the NEB continues to work with other regulatory agencies, including the CEA Agency, federal departments, provinces and northern Boards to improve environmental assessment and to coordinate regulatory processes. Over the next planning period, the NEB will follow opportunities to develop strategic partnerships with these agencies to achieve regulatory efficiency and effectiveness outcomes.

To achieve the goal of respecting the rights of those affected, the NEB requires regulated companies to engage those people potentially affected by proposed projects. The NEB also ensures that interested parties can become involved in the NEB hearing process. Following project approval, the NEB actively follows up on issues brought forward by affected land users, and if necessary acts as a facilitator between these users and regulated companies to ensure that issues are resolved.

The construction and operation of facilities within the NEB's jurisdiction have the potential to adversely impact the environment and the rights of those affected by an NEB regulated project. The NEB will continue to improve its regulations, policies, tools, and procedures that efficiently and effectively ensure that regulated facilities are designed, built and operated so that the environment is protected and the rights and interests of those affected by energy development are respected.

**Goal Measures**

- Decreasing number of major releases into the environment[5]
- All environmental conditions achieve their desired end results
- Rights of way are reclaimed within expected time frames
- The rights of those affected by NEB-regulated facilities and activities are respected

4 This measure will also inform the assessment of performance under Goal 2.

5 Major releases are defined as >100 m3 of liquid hydrocarbon.

Goals 1 and 2 will focus on the following objectives over the planning period.

***Objective 1: The NEB employs a risk-based lifecycle approach to the regulation of energy infrastructure.***

The NEB has a mandate to regulate the design, construction, operation and abandonment of hydrocarbon pipelines that cross provincial or international borders. In applying regulatory oversight, the NEB strives to take a risk-based lifecycle approach through which: 1) no single lifecycle stage of energy infrastructure is considered in isolation from the others, and 2) the NEB addresses risks using the appropriate regulatory tool at the appropriate stage of the project lifecycle.

**Risk-based lifecycle approach**

A risk-based lifecycle approach supports effective and efficient decision-making with respect to where the NEB directs its compliance resources for safety, integrity, emergency, security and environmental management.

The planned outcome is a system which encompasses the full lifecycle of a project, including design, construction and operation. It also incorporates two elements in the risk evaluation process: 1) risk posed by a project (project details, location and public concerns), and 2) risk posed by the operating company, based on its past compliance performance.

The NEB has defined regulatory risk as an outcome of compliance performance, where the regulatory risk is defined as the product of the probability of non-compliance and the potential consequences of non-compliance. The probability element is indicative of the adequacy, implementation and effectiveness of an operating company's management systems, while consequence is measured through an evaluation of the impact of a safety, security or environmental event to potential receptors.

**Risk-based lifecycle approach for physical infrastructure and environment**

The NEB's approach to ensuring the effective management of pipeline safety, security and environmental matters requires that regulated companies implement a comprehensive management system consisting of core programs for such matters as:

- Safety (construction and operation)
- Environmental Protection
- Pipeline Integrity
- Security
- Emergency Preparedness and Response

Through this initiative, compliance performance of a company will be directly linked to the adequacy and implementation of its programs to achieve the desired outcomes as set out within a goal-based regulatory requirement. By implementing a risk-based approach, inspections and audits will be focused on facilities and companies that will benefit the most from regulatory oversight.

Elements required to implement risk-based decision-making include improved data management, risk assessment processes, and the creation of new compliance tools and performance measures. An integral component of this initiative is developing a set of leading indicators for measuring effectiveness with respect to safety, security and protection of the environment. Such measures consider the operating company's commitment to continual improvement and its ability to develop a management system culture.

**Risk-based lifecycle approach for human environment**

In 2008-2009, the NEB is expanding the risk-based lifecycle approach to provide clarity on the NEB's regulatory program for socio-economic and lands interests and impacts, and toll and tariff regulation. The results will include clear expectations and effective compliance verification tools for every stage of the facility lifecycle, regarding respecting the interests of those impacted by energy development, such as socio-economic stakeholders, landowners and financial/ economic stakeholders. Ultimately, the NEB will have tools and resources in place that optimise regulatory oversight, efficiency, and effectiveness throughout the lifecycle of regulated facilities.

**Security management program**

On 24 May 2006, the NEB issued a Proposed Regulatory Change (PRC), PRC 2006-01 requiring companies to have a pipeline security management program. The PRC also attached guidance as to what the NEB expects companies to include within their Pipeline Security Management programs. The PRC was considered to be in effect on 31 July 2006 and forms the basis of the NEB's security management compliance strategies.

In December 2006 Canadian Standards Association (CSA) Strategic Steering approved the development of a consensus security management standard for the petroleum and natural gas industry. This Standard is designed to address the prevention and management of security risks that could result in a negative impact on people, the environment, property, or economic stability. The NEB is chairing this CSA Technical committee with industry participants. The committee will deliver a draft standard for public review in the summer of 2008 and the published national standard is expected to be officially released in the fall of 2009.

**Updating Energy Information Systems**

***NAD83 Conversion***

The NEB regulates onshore and offshore petroleum exploration and production on federal non-accord lands. As part of its holdings, the NEB stores locations and index information of wells and seismic projects in Frontier lands. The locations are described using NAD27 (or North American Datum 1927). In September 2005, the Canadian Association of Petroleum Producers recommended that by the second quarter of 2008 the Oil and Gas industry start using data describing locations using NAD83 (North American Datum 1983). The data in the NEB's reference system requires the capability for existing data to be converted to the recommended NAD83 datum permanently and on demand. INAC has advised the NEB that it has already undertaken a planning initiative to convert their data for northern lands. The oil and gas industry started preparatory work as well. Through its 2007 submission to Treasury Board, the NEB has obtained funds to convert data holdings within the required timeframe.

***Frontier Information Office Microfiche Conversion***

From time to time, the Board facilitates the provision of information in updated formats. Over the next planning period, the Board will be developing a process to convert Frontier Information Office reports, prepared under the COGO Act, from microfiche to a web-based digital format. This is a valuable service provided to industry. This data is used as an evaluation tool for industry to help determine their exploration and production interests

in the federal non-accord lands. Without access to existing data on well data and geoscience data, companies could be forced into undertaking expensive exploration programs just to predetermine what is already known. Benefits include considerable returns in savings in exploration costs to industry. The microfiche conversion project should also reduce unnecessary exploration work, thereby reducing the environmental impact of exploration activities. The project is currently being scoped in order to provide an estimate of projects costs.

**Outcomes**

- NEB-regulated companies understand what is required to meet compliance expectations, and meet them through the implementation of effective management systems
- Regulated industry operates in a manner that protects the employee, contractor, public and the environment
- Standards and guidance document, held and maintained by CSA, for effective security program requirements
- Up to date technology supporting regulatory processes

***Objective 2: The NEB's regulatory program for environmental protection is efficient, effective and clearly communicated.***

**Environmental oversight for the energy infrastructure lifecycle**

The Board's program for environmental protection applies to the full lifecycle of federally regulated energy infrastructure, from application assessment to abandonment. In the NEB's regulatory context, environmental protection means that energy infrastructure is designed, built, operated, and abandoned with full consideration of potential environmental effects and applicable regulations. While all environmental impacts cannot be eliminated, the NEB expects industry to use good design practices and effective operational oversight to minimize undesirable environmental consequences of their activities. Effective environmental protection requires early engagement of landowners, Aboriginal communities, and other stakeholders to ensure that their knowledge and expectations about environmental outcomes are incorporated into project design and processes.

**Improved coordination of environmental assessment partners**

The NEB is committed to improving the efficiency and effectiveness of environmental assessment (EA) processes for federally regulated energy infrastructure. This often involves coordinated work by more than one responsible authority or federal authority, and may involve provincial or territorial authorities as well. In 2008-2009, the Board will continue to work in partnership with key regulatory and government agencies and stakeholders to improve EA processes. Through the NEB's EA coordination program, the NEB has worked over the past few years with federal and provincial government departments to produce an environmental assessment process that meets all departments' EA obligations. Features of the EA coordination program include:

- the NEB providing leadership in facilitating efficient and effective outcomes for EA processes;
- proactively communicating with government departments about the NEB's mandate and processes;
- working with government departments, including the CEA Agency and the Major Projects Management Office,

to coordinate EA processes and requirements;
- early coordination on upcoming applications;
- focusing efforts on improving post-approval environment verification and compliance capability; and
- conducting review sessions with other departments after EA processes are completed.

**Proactive communication with stakeholders**

The Board's program for environmental protection spans all the lifecycle phases. Many parties are familiar with just the environmental assessment portion of the Board's regulatory program for the environment. In 2008-2009, the NEB will work to ensure that its regulatory program for environmental protection is documented and clearly communicated. The focus will be on ensuring stakeholders can see the Board's performance at all phases of a pipeline's lifecycle.

**Outcomes**

- NEB stakeholders are aware that the NEB's program for environmental protection spans all phases of infrastructure lifecycle
- Project applicants are served by transparent and efficient environmental assessment processes

***Objective 3: The NEB has a regulatory program that enables the rights of those affected by energy infrastructure to be respected.***

Complementing the Board's expected regulatory outcome of energy infrastructure being built and operated in a manner that protects the environment, is an expectation that the rights and interests of those affected by energy infrastructure are respected. While application assessment criteria have been developed for socio-economic and lands issues related to development of energy infrastructure, few regulatory mechanisms have been developed to verify that the Board's expectations have been met throughout the lifecycle of the infrastructure.

Over the past several years, as stakeholders affected by energy infrastructure development have been involved in various stages of energy infrastructure lifecycle processes, they have provided feedback to the Board both on company interaction and NEB processes. Through the next planning period, the NEB will work to address this feedback and to introduce improvements for both regulatory expectations and NEB processes.

**Addressing key issues related to land matters**

Over the past several years, stakeholders with lands interests have increasingly participated in regulatory proceedings and other interactions with the Board. These stakeholders have identified aspects of the regulatory framework that require clarification or change to respond to the current social context in which energy infrastructure projects are built and operated.

The NEB is taking steps to systematically review and address stakeholder concerns in a number of key areas related to land matters. The focus will be on increasing the effectiveness of the interaction between the Board, companies with current and new projects and stakeholders with land-based interests. The review of company interaction with stakeholders will focus on expectations regarding landowner consultation and

interactions between a pipeline company and other impacted parties from the time an infrastructure project is contemplated through the end of its useful life. One of the first steps the NEB is undertaking is to implement a Land Matters Consultation Initiative (LMCI). Areas to be reviewed through LMCI include company landowner consultation programs, processes for acquiring access to rights-of-way and vehicle crossings of rights-of-way.

**Clarifying and communicating regulatory expectations and processes**

Following a review of these key lands issues, the NEB will work to implement solutions for key land concerns. This includes identifying new and revised regulatory steps or approaches to ensure that the rights and interests of stakeholders are protected during all lifecycle phases of energy infrastructure projects. Certain of these steps or approaches may be directly implemented through best practices and changes to company management systems. Others will require subsequent projects to outline NEB expectations or new regulatory requirements.

It is anticipated that outcomes of this review will result in a regulatory program clarifying expectations for lands issues, including identification of expectations and best practices for consultation and notification processes; input for NEB audit and verification programs with respect to company consultation activities and programs; clarity of rights and responsibilities increased for all parties with respect to acquiring access to right-of-way crossings; and input into approaches for pipeline abandonment.

Regarding NEB processes, the Board has heard from a range of stakeholders that it can be burdensome to participate effectively in NEB processes, such as public hearings for proposed facilities. Major concerns relate to the formality of the oral hearing, a lack of funding for intervenors, the capacity of the public to intervene without legal representation, and consultation when regulatory change is contemplated. To address these concerns, the NEB, in collaboration with interested parties, will review options to improve access to NEB processes including hearings and regulatory changes.

**Outcomes**

- Landowners and other stakeholders affected by projects are effectively involved in project review process
- Regulatory expectations regarding land matters are clear and communicated

## Goal 3 – Canadians benefit from efficient energy infrastructure and markets.

The Board strives to ensure that Canadians benefit from efficient energy infrastructure and markets. The Board contributes to this goal through two main mechanisms: regulatory decisions around the construction and operation of energy infrastructure, and the provision of energy market information.

Pipeline infrastructure is essential to carry energy products from producers to Canadian consumers and export markets. The NEB-regulated pipeline system carried about $100 billion in oil, oil products, natural gas and natural gas liquids in the last year. The pipeline structure provides enormous economic benefits to Canadians by transporting these products in a safe and environmentally responsible manner. The Board regulates the tolls and tariffs of pipelines to ensure that there is a

fair and adequate return to encourage investment as required and allow for effective maintenance.

High energy prices are a signal to producers to develop new energy sources, including frontier sources and alternative sources such as oil sands. Producers also require investments in infrastructure to carry new production to energy users. Unnecessary delays in building new infrastructure impose costs on producers as they cannot bring their new production to market. It also imposes costs on consumers because delays in bringing on new supplies perpetuate tight market conditions, leading to higher prices. Thus, it is important that the Board provide timely and predictable regulatory processes. The Board works to meet this commitment to clients through service standards which have been defined for many of the NEB's regulatory functions and associated services.

The Board monitors energy markets and provides Canadians with a broad suite of information and analysis in areas primarily related to its regulatory mandate: natural gas, oil and electricity. The Board monitors energy exports to ensure that Canadian energy users have access to domestically produced energy on terms and conditions at least as favourable as those available to export buyers, and to ensure that energy markets are functioning properly. The Board also advises the Minister of Natural Resources of key energy market developments, upon request, and may provide recommendations on policy matters related to its regulatory role from time to time.

**Goal Measures**

- Canadian energy and transportation markets are working well
- The Board's advice and energy information products are relevant and timely
- The Board's regulatory processes are measurably efficient and effective

Goal 3 will focus on the following objectives over the planning period.

***Objective 1: The NEB has efficient and effective regulatory processes in all areas of its mandate.***

**Partnerships with key agencies**

A number of regulators and jurisdictions are involved in regulating various aspects of Canada's energy industry. Consequently, agencies need to be proactive in creating partnerships and communicating at all levels to ensure streamlined and effective processes. Working with other regulatory partners, government agencies and stakeholders to coordinate efforts is critical for the NEB to be able to administer efficient and effective regulatory processes in all areas of its mandate, and to optimize regulatory outcomes. Strategic partnerships and communication opportunities that will be followed include:

- supporting the government's direction to provide a single window for major project approvals, through the Major Projects Management Office. This includes technical and regulatory policy support, administrative coordination and streamlining processes across jurisdictions;
- increasing efforts to build partnerships with those departments that work directly with the NEB, including the CEA Agency, NRCan and INAC;
- coordinating with the government's integrated northern strategy through all Board initiatives and activities that occur in that region; and
- partnering with the Northwest Territories land and water boards and other northern regulators to provide

regulatory and technical leadership, share information and best practices, and streamline regulatory processes;
- partnering with provincial regulatory bodies to streamline regulatory processes and achieve common objectives;
- providing technical advice and regulatory support for updating regulations and related tools for offshore areas, via Memorandum of Understanding with NRCan, INAC, the Canada-Newfoundland Offshore Petroleum Board, the Canada-Nova Scotia Offshore Petroleum Board, and the provinces of Newfoundland and Nova Scotia; and
- sharing information and developing compatible regulatory approaches with national regulatory bodies from the U.S. and Mexico.

**Regulatory organization partnerships**

The NEB is a member of the Canadian Association of Members of Public Utility Tribunals (CAMPUT). This is a self-supporting, non-profit organization of federal, provincial and territorial boards and commissions that are responsible for the regulation of the electric, water, gas and pipeline utilities in Canada. Its purposes are 1) to improve public utility regulation in Canada and 2) to improve the education and training of commissioners and staff of public utility tribunals. The NEB actively participates in many CAMPUT initiatives to help ensure this mandate is achieved.

Working with CAMPUT is an avenue for the NEB to proactively engage federal partners, provincial governments and other regulators to enable an effective and efficient regulatory framework. This association provides a basis for the NEB's involvement in the Council of Energy Minister Regulatory Performance Working Group, a federal-provincial partnership.

NEB also participates on CAMPUT's Electric Reliability Sub-Committee, which was established to share information among the provincial and federal regulators with respect to the development and implementation of mandatory reliability standards.

**Outcomes**

- NEB able to leverage partnerships to achieve regulatory efficiency and effectiveness outcomes
- NEB able to lead and participate in efforts to streamline processes in a timely and effective manner

***Objective 2: The NEB's energy information program focuses on emerging market issues and regulatory challenges.***

The NEB collects and analyses information about Canadian energy markets through regulatory processes and market monitoring in order to support the Board's regulatory program and to provide public information to support better decisions by policy makers, industry and the public. In its energy information program, the Board will focus on informing Canadians on energy market developments and issues related to the Board's regulatory mandate, primarily for gas, oil and electricity market developments.

The Board's energy information program is comprised of Energy Market Assessments, which provides detailed analyses into aspects of Canada's energy system, briefing notes, public speeches and presentations by Board Members and senior staff, energy pricing information on the NEB website and semi-annual energy market outlooks.

**Outcomes**

- Canadians are able to make informed choices about energy market options

Goal 4 – The NEB fulfills its mandate with the benefit of effective public engagement.

The NEB's focus on effective public engagement processes is the foundation for making decisions in the public interest, and for providing efficient regulatory processes and practices. Processes are designed so that decision makers are presented with the complete range of views required to make fully informed decisions in the Canadian public interest. This enables parties impacted by projects that are before the Board to provide effective input into the Board's decision-making process.

In recent years, there has been a trend of increased public participation in government decision-making, as more and more Canadians want to be involved in decisions that affect their lives. The Board has responded by adapting its processes to accommodate this increased participation. The Board's objective is to maintain the implementation of its mandate while providing ease of participation. Where there are gaps in effective engagement for those who are affected by infrastructure projects, either through company interaction with stakeholders, or through NEB processes, the NEB works to clarify regulatory expectations and continually improve engagement processes.

**Goal Measure**

- Board processes provide for effective participation by parties to Board matters

The Board will focus on the following objectives for Goal 4 over the planning period.

***Objective 1: The NEB has a proactive engagement approach to ensure effective participation by parties to Board matters.***

The NEB will continue to implement its proactive engagement with NEB stakeholders so that they are able to become effectively involved in NEB processes that affect them. Proactive engagement includes:

- relationship building for stakeholder groups;
- improved information management for engagement processes;
- making interest-based processes available in a timely way;
- accommodation of Aboriginal participation via hearing location, inclusion of cultural practices in related processes, and gathering and respect of protocol information;
- proactive news releases, backgrounders, advisories for media; and
- project based web page on Internet to make project information more accessible to all stakeholders, including national and local environmental non-governmental organizations.

Improvements will continue to be made through processes such as pre-application situation assessments, pre-hearing information sessions, and through initiating contact with First Nations that may be impacted by NEB processes.

At the same time, the NEB is working toward a broader regulatory program that ensures that the rights of those affected by energy infrastructure are respected through

an initiative under Goal 2. Regulatory improvements will continue to be incorporated as they become available and on a pilot basis.

**Outcomes**

- Stakeholders understand the NEB's mandate and processes and have opportunities to suggest improvements
- Stakeholders are able to be effectively involved in NEB processes that affect them

***Objective 2: The NEB effectively communicates its mandate and role in the development of energy infrastructure and trade in Canada.***

The Board will continue to communicate proactively with its stakeholders in order to deliver its mandate effectively. This will be accomplished through a communication strategy focusing on making available clear information on the NEB's role, enabling participation in Board matters as required, and providing key energy information. Elements for delivering on this strategy include:

- information tools for Canadians who wish to obtain accurate, relevant energy market information, such as the Energy Pricing page on the NEB Website;
- communications support in early public engagement initiatives to better inform Canadians as new projects get underway in targeted areas;
- up to date materials that reflect the NEB's role, processes, and relationship with other regulators and agencies;
- easy to use web-based electronic communication tools for stakeholders participating in NEB processes;
- strategic communication incorporating the NEB's vision, purpose and values; and
- the NEB Quality Management System, which supports repeatable, transparent processes.

**Outcomes**

- Canadian public has easy access to appropriate information about the NEB's mandate, regulatory programs and processes
- Stakeholders engaged through targeted communications, outreach programs and activities, with a focus on evaluation and continual improvement

## Goal 5 – The NEB delivers quality outcomes through innovative leadership and effective support processes.

Goal 5 focuses on the leadership and management accountabilities needed to support a high performance organization that delivers on its commitments. This goal is about sound business management and effective decision-making, to ensure that the organization has the people, technology, facilities, records management procedures, and financial resources available to carry out its mandate.

The NEB's mandate encompasses processing of oil, gas, electricity, commodity, and exploration and development applications within the NEB's mandate; regulatory oversight for safe, secure, economically and environmentally sound construction and operation of approved projects; and provision of energy market information. Given the unique role that the NEB plays on behalf of the Canadian public, attracting and retaining the qualified staff required to enable the NEB to fufill its mandate presents challenges and opportunities. Through Treasury Board's approval of an NEB submission in 2007 for an increase

in ful-time equivalent resources, the NEB has been able to work toward increasing its complement of technical and support staff required to carry out its mandate in the current economic environment. In addition, the ability to implement flexible and innovative recruiting and hiring approaches has allowed the NEB to place the appropriate staff where needed in a timely way.

An important focus for the NEB over the next planning period will continue to be our efforts in recruiting, developing and retaining the technical and analytical expertise as well as leadership skills that are essential to delivering on expected business results. The NEB is in an environment where it must compete, as a federal public service employer, with the private sector that offers extremely competitive wages and benefits that exceed what the federal public sector offers. The rate of attrition due to the energy sector's active recruitment and flexible compensation packages, the lack of available expertise in the market place, shifting demographics and the different expectations flowing from the different generations, as well as impending retirements, means that retaining staff at mid and senior levels is increasingly important to our continued success.

To meet these challenges, the NEB requires strong leadership, a sustained commitment to create a highly desirable workplace for all qualified candidates, and an ongoing long term strategy to ensure that the organization has the necessary capacity to fufill its mandate.

The NEB's strategy for building and maintaining capacity includes recruitment and retention initiatives, succession planning, leadership development, investing in skills development and enhancement, and a strong performance management system. Further improvement initiatives include a fully integrated information management system, updated internal communication tools, and a correspondence management system.

The NEB continues to implement an ISO-standard Quality Management System (QMS) based on the ISO 9000 Standard as part of our commitment to remain a respected leader in energy regulation. A QMS assists the NEB in establishing a culture of continuous improvement and ensure consistency in direction and results.

**Goal Measures**

- NEB employees indicate that they find NEB working conditions fully satisfactory in the annual Employee Survey
- The NEB delivers its planned results within its annual budget

Goal 5 will focus on the following objectives over the planning period.

***Objective 1: The NEB has the necessary capacity to fulfill its mandate***

The NEB's People Strategy outlines its long term needs and approach for recruiting and retaining qualified employees as well as managing them. Through this plan, the NEB continually updates and improves recruitment and retention strategies and succession planning on a number of fronts. The NEB's goal is to foster the commitment and dedication of individual employees through:

- greater flexibility and use of various staffing mechanisms, based on the NEB's People Strategy;

- ensuring our human resource management practices, systems and processes support incentives and flexible work arrangements;
- provision of appropriate and timely learning and development programs; and
- well-crafted, comprehensive accountabilities and measurement criteria.

Tools that will help the NEB achieve this goal include standards for human resources services, employee opinion surveys, NEB branding literature for post-secondary recruitment, employment equity outreach, a leadership competency model and development program, and a project management training program.

To implement the increase in full-time equivalent resources approved through the NEB's 2007 Treasury Board submission, the Board has established a team made up of representatives from each of the professional areas working at the Board. The team's objectives include leading the hiring process for the additional positions, and to identify and recommend efficiencies or improvements in the staffing process.

**Learning and Development Framework**

The NEB is developing a Learning and Development Framework which promotes NEB culture and proactively addresses employee attraction, engagement and transition challenges. Through this initiative, programs and activities will be developed that enable the NEB to deliver on its core work by fully optimizing its talent pool, whether for leadership positions or in support of professions within job families. The Leadership and Development Framework facilitates employee engagement and retention by providing the tools necessary for them to understand their roles within the organization, their individual responsibilities with respect to career progression, and how the NEB will support career development.

Key elements of the framework include:

- activities for facilitating the proactive transfer of knowledge, such as through a coaching and mentoring program;
- criteria for leadership evaluation;
- government-specific learning events to ensure that employees and leaders fully understand their legal responsibilities and unique roles as public servants;
- a Learning Policy and related procedures and processes;
- the competencies of employees are developed to meet future requirements; and
- a technical excellence program implemented, in part, through electronic learning systems.

The desired end result is that the NEB has a culture where employees feel that their contributions add value to the organization, that their work is meaningful and recognized, and that there is potential for their medium to long term career prospects at the NEB.

**Information Management Renewal**

This initiative is a series of inter-related projects which together provide the functionality and discipline to ensure an effective and efficient information environment, which will enable more effective knowledge management in the Board and improve the capacity of the organization in carrying out its business. The proposed set of integrated tools will result in NEB utilizing a Shared System recommended solution for Electronic

Document and Records Management in the Canadian Government.

**Outcomes**

- Skilled individuals are in place to meet the NEB's current and future business needs
- NEB able to attract employees at various levels of experience due to its investment in learning and development and human resource management programs
- Staff have the tools and training to carry out their information management responsibilities
- Improved overall productivity through improved and increased information sharing

### *Objective 2: The NEB lives a results-based culture of excellence*

The NEB is committed to demonstrating excellence in all aspects of its work. In addition to following the Government of Canada's management direction for accountable government that is responsive to the needs of Canadians, the NEB invests in people, processes, systems and information needs to improve results. The NEB's focus is on supporting career management through development plans, mentoring and challenge opportunities. Tools and processes related to performance management will continue to be enhanced. Regular surveys to assess employee satisfaction and NEB values implementation will continue to be conducted, with resulting findings and recommendations addressed in a timely way. The leadership of the NEB has identified a revised rewards and recognition program as a priority. The NEB Rewards and Recognition Policy is being updated, incorporating new means of recognizing our employees and their achievements that support our strategic plan.

**Outcomes**

- Timely recognition for performance; support for innovation
- Organization able to implement results-based approach; increased value-added in regulatory processes

### *Objective 3: The NEB has a fully operational quality management system*

The NEB's Quality Management System (QMS) is the framework of processes and accountabilities by which we ensure we meet the needs of our stakeholders, today and in the future. The documentation of key business processes and associated performance measures assists our employees in delivering improved service on a consistent basis to our clients. The NEB will be continuing to implement QMS, focusing on continual process improvement, enhancing the performance measurement framework, updating documentation, and utilizing internal communication processes. A specific process that will be moved forward in the next planning period is a Board-wide correspondence management process to support current and future business processes.

To support its QMS and its commitment to knowledge management, the NEB will enhance internal communication tools. This includes redesigning and improving the internal web system, an indispensable tool for staff. The internal web provides access to QMS documents, human resources policies and forms and a library of templates, documents and procedures that allow employees to do their jobs more efficiently and effectively. It is also an integral tool for employee engagement, including links to the Leadership Community, la Communauté Francophone, the social committee, weekly polls and the "Ask the ExTeam"

column which provides management with a direct link to employee feedback. Planned improvements include increasing accessibility of QMS processes and tools; providing a Virtual Community Resource Centre; improved end user functionality, usability and content; and a new interface with a Common Look and Feel, in alignment with the Government of Canada guidelines.

**Outcomes**

- A firmly entrenched culture of quality
- Employee communication is coordinated and easily accessible

# Section III
# Supplementary Information

## Financial Information

**Table 1**
**Departmental Planned Spending and Full Time Equivalents**

| ($ millions) | Forecast Spending 2007-2008 | Planned Spending 2008-2009 | Planned Spending 2009-2010 | Planned Spending 2010-2011 |
|---|---|---|---|---|
| Energy Regulation and Advice | 38.1 | 46.2 | 44.3 | 36.6 |
| Budgetary Main Estimates (gross) | 38.1 | 46.2 | 44.3 | 36.6 |
| **Total Main Estimates** | **38.1** | **46.2** | **44.3** | **36.6** |
| *Adjustments:* | | | | |
| Supplementary Estimates[1] | 8.4 | | | |
| Transfer to Natural Resources[2] | -1.5 | | | |
| Operating budget carry forward | | | | |
| Other | | | | |
| Mackenzie Gas Project | -1.1 | 1.1 | | |
| Treasury Board Vote 15 | | | | |
| Employee Benefit Plan | | | | |
| *Total Adjustments* | 5.8 | 1.1 | | |
| Total Planned Spending | 43.9 | 47.3 | 44.3 | 36.6 |
| Total Planned Spending | 43.9 | 47.3 | 44.3 | 36.6 |
| Less: Non-Respendable revenue | 45.4 | 48.4 | 45.7 | 38.3 |
| Plus: Cost of services received without charge | 6.5 | 6.5 | 6.5 | 5.9 |
| Net cost of Program | 5.0 | 5.4 | 5.1 | 4.2 |
| Full Time Equivalents | 307.6 | 354.6 | 336.6 | 296.6 |

1 Supplementary Estimates: Funding to meet existing demands and forecasted increases in regulatory workload associated with industry growth.

2 Transfer to Natural Resources: Insupport of costs related to public consultations for energy projects.

In 2007, the NEB submitted a request to Treasury Board for funding to address increased industry activity over the period 2007 – 2010, and this request was fully funded. Due to a sustained and continued increase in resource requirements to meet workload demand linked to industry activity, it is possible that the NEB will require some of this level of funding to be maintained after 2010, and will be presenting a business case to Treasury Board to this effect in 2008.

**Table 2**
**Program by Activity**

| | 2008-2009 | | | |
|---|---|---|---|---|
| | Budgetary | | | |
| Program Activity | Program | Gross | Total Main Estimates | Total Planned Spending |
| Energy Regulation and advice | 46.2 | 46.2 | 46.2 | 47.3 |
| **Total** | **46.2** | **46.2** | **46.2** | **47.3** |

**Table 3**
**Voted and Statutory Items Listed in Main Estimates**

| | 2008-2009 | | |
|---|---|---|---|
| Vote or Statutory Item | (million $) | Current Main Estimates | Previous Main Estimates |
| 25 | Program expenditures | 41.0 | 33.3 |
| (S) | Contributions to employee benefit plans | 5.2 | 4.8 |
| | **Total Department or Agency** | **46.2** | **38.1** |

**Table 4**
**Net Cost of Department for the Estimates Year**

| | 2008-2009 | |
|---|---|---|
| (million $) | Energy Regulation and Advice | Total |
| Total Planned Spending | 47.3 | **47.3** |
| *Plus: Services Received without Charge* | | |
| Accommodation provided by Public Works and Government Services Canada | 4.1 | **4.1** |
| Contributions covering employers' share of employees' insurance premiums and expenditures paid by Treasury Board (excluding revolving funds) | 2.3 | **2.3** |
| Worker's compensation, cost recovery audit costs and miscellaneous costs provided by other departments | 0.1 | **0.1** |
| *Less: Non-respendable Revenue* | 48.4 | **48.4** |
| **2008-2009 Net cost of Department** | **5.4** | **5.4** |

**Table 5**
**Sources of Respendable and Non-Respendable Revenue**

| (million $) | Forecast Revenue 2007-2008 | Planned Revenue 2008-2009 | Planned Revenue 2009-2010 | Planned Revenue 2010-2011 |
|---|---|---|---|---|
| Energy Regulation and Advice | 45.4 | 48.4 | 45.7 | 38.3 |
| Total Non-Respendable Revenue | 45.4 | 48.4 | 45.7 | 38.3 |

## Department's Regulatory Plan

The NEB plans to address the following regulatory changes and updates in the 2008 – 2009 planning period.

| Regulations | Expected Results |
|---|---|
| *Canada Oil and Gas Diving Regulations; Newfoundland Offshore Area Petroleum Diving Regulations;* and *Nova Scotia Offshore Area Petroleum Diving Regulations* | Less prescriptive, more goal-oriented regulations for activities in support of oil and gas programs in frontier lands. |
| *Canada Oil and Gas Drilling and Production Regulations; Newfoundland Offshore Area Oil and Gas Drilling and Production Regulations;* and *Nova Scotia Offshore Area Oil and Gas Drilling and Production Regulations* | Amalgamation of *Canada Oil and Gas Production and Conservation Regulations* and *Canada Oil and Gas Drilling Regulations.*<br>Rewrite to a goal-oriented style.<br>Updated and streamlined administration. |
| *National Energy Board Cost Recovery Regulations* | Modifications to the existing regulations arising from a request from the electricity industry. |
| *National Energy Board Damage Prevention Regulations* | Less prescriptive, more goal-oriented regulations for NEB-regulated facilities, to more effectively address safety in the proximity of pipelines.<br>Will replace the *National Energy Board Pipeline Crossings Regulations, Parts I and II.* |
| *National Energy Board Processing Plant Regulations* | Amendments to address concerns raised by the Standing Joint Committee on the Scrutiny of Regulations regarding technical drafting issues and the parity of both language versions of the regulations |
| *Onshore Pipeline Regulations, 1999* and *National Energy Board Processing Plant Regulations.* | Amendments to fill a regulatory gap for decommissioning of facilities |

## NEB Program Activity Architecture

| **Department** | National Energy Board | | | |
|---|---|---|---|---|
| **Strategic Outcome** | Safety, security, environmental protection and economic benefits through regulation of pipelines, power lines, trade and energy development within NEB jurisdiction. | | | |
| **Program Activity** | 1.0 Energy Regulation and Advice | | | 2.0 Support Governance |
| **Description** | The companies that are regulated by the Board create wealth for Canadians through the transport of oil, natural gas and natural gas liquids, and through the export of hydrocarbons and electricity. As a regulatory agency, the Board's role is to help create a framework which allows these economic activities to occur when they are in the public interest. | | | The Support Governance activity enables the NEB's regulation and advice mandate by providing, managing and maintaining necessary support services. These include infrastructure and facility management, financial and human resource services and, information systems and management services. In addition, the activity includes overseeing and administering the application of legislation and regulations associated with the provision of these supporting services. |
| **Program Sub-Activities** | 1.a) Decide in the Public Interest | 1.b) Assure Compliance | 1.c) Provide Energy Advice | |
| | Assess and process regulatory applications submitted under the Acts administered by the National Energy Board; engage and liaise with stakeholders; address landowner complaints, and provide appropriate dispute resolution services. | Conduct safety, security and environmental inspections and audits, incident investigation, monitoring of emergency response procedures; regulate exploration and development of hydrocarbon resources in non-accord frontier lands; develop regulations and guidelines with respect to the above and conducts financial surveillance and financial audit of companies under the NEB's jurisdiction. Responsibilities are pursuant to the NEB Act, COGO Act, CPR Act and *Canada Labour Code*. | Conduct energy industry and market surveillance, including the outlook for the supply and demand of energy commodities in Canada; and provide energy advice to the Minister. | |

## NEB Service Standards

NEB Service Standards identify targets for key aspects of service delivery. The NEB Service Standards and annual reports on results can be found at www.neb-one.gc.ca under "Who we are and our governance".

**Reasons for Decision**

- 80% of Reasons for Decision completed within 12 weeks following a public hearing

**Export/import authorizations**

- **Short term export orders** for oil, gas and natural gas liquids: 2 working days
- **Natural gas import and export orders** 2 working days

**Electricity export permits**

**Category A** (complexity – minor)

- Decision Release: 80% within 40 calendar days

**Category B** (complexity – moderate)

- Decision Release: 80% within 90 calendar days

**Category C** (complexity – major)

- Decision Release: No service standard

**Landowner Complaints**

- **Respond with initial course of action:** 100% within 10 calendar days
- **Resolve the complaint:** 80% within 60 calendar days

**Onshore pipeline regulation (OPR) audits**

- 80% of draft OPR reports sent to the audited company within 8 weeks of completing field work

**Financial audits**

- 80% of draft financial reports sent to the audited company within 8 weeks of completing field work
- 80% of final financial audit reports sent to company within 3 weeks of receiving the audited company's comments on draft financial report

**Non–hearing Section 58 application cycle times**

- **Category A** (complexity of issues considered minor): 80% of decisions released in 40 calendar days
- **Category B** (complexity of issues considered moderate): 80% of decisions released in 90 calendar days
- **Category C** (complexity of issues considered major): 80% of decisions released in 120 calendar days

**COGOA applications**

Well drilling applications

- 80% of decisions rendered within 21 calendar days of receiving a complete application

Geological and geophysical applications

- 80% of decisions rendered within 30 calendar days of receiving a complete application

**CPRA applications**

- 80% of decisions for Significant Discovery and Commercial Discovery Applications on Frontier lands rendered within 90 calendar days from the day that all information is available to begin the evaluation process